GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:1074
ANSWERED ON:01.03.2001
POWER PURCHASE AGREEMENT WITH MSEB
NARESH KUMAR PUGLIA

Will the Minister of POWER be pleased to state:

(a) whether the Maharashtra State Electricity Board (MSEB) has entered into a powepurchase agreement with Bhadravati based Central India Power Company (CIPC) to purchase power from it at a cost based on fuel charges;

(b) if so, the details thereof;

(c) whether the CIPC is to purchase `E` grade coal from Western Coalfields Limited (WCL)at a higher basic price in comparison to the presently selling `E` grade coal price;

(d) if so, the details of the prevailing price and the CIPC purchase price along with the reasons for purchase of coal at higher price;

(e) whether the difference of coal price shall be borne by MSEB and ultimately byconsumers, who are bound to purchase power from CIPC at a cost based on fuel charges;

(f) if so, the reaction of the Government thereto; and
(g) the measures taken to review the agreement reached between WCL, CIPC and the MSEB in the larger interest of consumers?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER(SHRIMATI JAYAWANTI MEHTA)

(a) & (b) : The Maharashtra State Electricity Board (MSEB) has signed a Power Purchase Agreement (PPA) with M/s. Central India Power Company (CIPCO), who are developing the 1082 MW Bhadrawati power project. As per the agreed arrangement, coal is to be supplied by Western Coal Fields Ltd. (WCL) from Baranj, Sasti and Pouni mines on cost plus basis with a project IRR (Internal Rate of Return) of 16%.

(c) & (d) : The landed price of `D` grade coal for the Bhadrawati project has been agreed toat around Rs.1595/- tonne for a Gross Calorific Value (GCV) of 4550 K.Cal/Kg as on January,2000 base. This is the weighted average price at power station for all the 3 mines and includes transportation cost, royalty, surcharge on excise duty, sales tax and a transportation risk premium upto the power station.

(e) : The price of coal fixed by WCL has been agreed upon between the concernedparties including MSEB and as per the PPA, the cost of fuel is a pass through in the tariff.

(f) & (g) : Do not arise in view of (e) above.